Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

USAGE AND DOCUMENTATION OF HOME OXYGEN THERAPY

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EXECUTIVE SUMMARY

PURPOSE

To determine if supplier documentation accurately reflects beneficiaries' medical need and reported use of home oxygen therapy.

BACKGROUND

Medicare covers home oxygen therapy for beneficiaries diagnosed with significant hypoxemia (a deficiency in the amount of oxygen in the blood). Home oxygen therapy accounts for the largest share of Medicare payments for durable medical equipment. Medicare allowances for oxygen equipment totaled over $2 billion in 1997.

Suppliers of home oxygen equipment submit claims to the Durable Medical Equipment Regional Carriers for processing and payment. According to Medicare guidelines, oxygen suppliers must submit Certificates of Medical Necessity with oxygen claims, and keep original CMNs in their records. Home oxygen CMNs must contain sufficient medical information, including diagnoses and results of laboratory tests, to establish that beneficiaries meet Medicare coverage requirements.

For this inspection, we collected data from Medicare beneficiaries with paid claims for oxygen equipment in 1996 and the durable medical equipment suppliers who provided this equipment.

FINDINGS

Nearly one-quarter of oxygen Certificates of Medical Necessity were inaccurate or incomplete.

While almost all beneficiaries used their stationary oxygen equipment, 13 percent of beneficiaries reported never using their portable systems.

Suppliers reported providing services, but were unable to fully document all of these services.

RECOMMENDATIONS

To address the vulnerabilities identified in this report, we recommend that the Health Care Financing Administration:

Ensure that system edits in place at the DMERCs are able to identify incomplete CMNs, and delay payments for oxygen equipment claims until complete CMNs are submitted. The HCFA should also conduct periodic checks to ensure that original CMNs signed by beneficiaries' physicians and kept on file by oxygen suppliers confirm the electronic versions of CMNs that suppliers submit to Medicare carriers.

Target oxygen equipment claims for focused medical review. We realize that it would not be manageable or cost effective to perform extensive reviews on all oxygen equipment claims. However, we believe that our findings raise issues that can only be addressed through individual case review.

Work to quickly establish specific service standards for home oxygen equipment suppliers as mandated by the Balanced Budget Act of 1997. As part of these standards, we believe that suppliers should be required to maintain adequate documentation to verify the provision of equipment and patient services.

Continue to alert physicians to the critical role they play in determining beneficiaries' medical need for and utilization of medical equipment paid for by Medicare. In a January 1999 Fraud Alert concerning physician certification of the need for medical supplies and services, our office emphasized that, by signing CMNs, physicians are attesting that information on the entire CMN is true, accurate, and complete to the best of their knowledge.

AGENCY COMMENTS

We received comments on our draft report from HCFA. The full text of these comments can be found in Appendix C. A summary and our response follows.

HCFA Comments

The HCFA concurred with all of our recommendations. They reported that current policy calls for DMERC systems to edit required fields on electronic CMNs for completeness. The HCFA also stated that the file copy CMNs the OIG reviewed are used primarily for suppliers' own records, and therefore may be abbreviated and may not include all the information the suppliers submit electronically. Nevertheless, HCFA agreed they should make it clear to suppliers that file copy CMNs signed by physicians should contain all the information suppliers' submit electronically.

Based on the information presented in our report, HCFA commented that portable oxygen systems might prove to be a fruitful target for focused medical review. The HCFA also indicated that they are planning to develop a regulation that will set service standards for home oxygen equipment suppliers.

The HCFA also provided two technical comments. With respect to our finding that Medicare paid $263 million in 1996 for oxygen equipment covered by inaccurate or incomplete CMNs, HCFA stated this figure does not necessarily represent payments made for medically unnecessary or unreasonable services. The agency also believed it is important to clarify why laboratory reports did not confirm test results detailed on the CMNs, and to distinguish between test results recorded on CMNs that could not be supported by suppliers' records and test results recorded on CMNs that differed from suppliers' records.

OIG RESPONSE

We appreciate HCFA's positive response to our recommendations, and we concur with their proposed actions. We appreciate the fact that HCFA agreed to make it clear to suppliers that CMNs kept on file should contain all the information submitted electronically. While some suppliers may have retained only abbreviated versions of the CMN in their files, this practice is not in keeping with current policy. The *DMERC Supplier Manuals* require suppliers to keep the original CMN signed by the physician on file, along with any additional medical necessity information. This CMN must include all required information and be filled out completely and accurately. We believe, in most cases, the information from this file copy CMN is used to develop the final electronic version of the CMN that is submitted for claims processing. Therefore, in order to meet the requirements for coverage of oxygen therapy, file copies of the CMNs we reviewed should have been complete and accurate. As presented in this report, we did not always find this to be the case.

In response to HCFA's technical comments, we agree the $263 million for oxygen equipment supported by inaccurate or incomplete CMNs does not presuppose a finding of medically unnecessary services. Rather, this estimate represents services where suppliers did not provide us with the complete documentary support required for Medicare reimbursement. With regard to HCFA's comments about laboratory test results, we have revised the relevant heading in the report. Our finding only relates to suppliers who provided laboratory test results for our review. When we report non-confirming test results, this refers only to laboratory tests where information from the actual lab report differed from information listed on the CMN.